Public Service Broadcasting Annual Report 2012

Research Document

Publication date: 28 June 2012

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Section 1

Public Service Broadcasting: Annual Report 2012

Executive summary

Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of their delivery of the public service purposes as set out in the Communications Act 2003. Ofcom's Public Service Broadcasting (PSB) Annual Report provides an evidence base for assessing the delivery of PSB on the five main PSB channels (BBC One, BBC Two, ITV1, Channel 4 and Channel 5), the BBC digital channels and S4C. Further information relating to the evidence base can be found in the appendices and data tables available with this report.

- *Total* spending on PSB network programming across the five main PSB channels and the BBC digital channels decreased by 8% in real terms in 2011 to £2.8bn. This reduction is a continuation of the 20% decrease in spend over the past five years. A similar trend was evident for *first-run originated* programmes, with expenditure 6% lower than 2010 at £2.4bn. This continues a year-on-year decline (with the exception of 2010); over the five-year period; spending was down by 18% in real terms.

- 2011 was a quiet year for sport, with first-run spend on sport down by 23% compared to 2010; excluding sports from first-run spending, investment in network programming in 2011 fell by 0.3% year on year.

- Year-on-year real-term spend on first-run originations varied across channels. Expenditure rose by the biggest percentage on Channel 5, up by 45% to £95m, while in absolute terms, Channel 4's spending increase was greatest (up by £35m to £372m). The most pronounced percentage reduction in first-run investment in 2011 was on BBC One, down by 16% to £719m; in absolute terms, BBC One spend also fell by the greatest amount, down by £140m.

- Over a five-year period, first-run spend across the five main PSB channels decreased by 18%; the reductions in spend were most substantial on Channel 5 (down 27%) and ITV1/ITV Breakfast (down by 22%). Significant reductions in first-run content spend were also made by Channel 4 (down by 18%) and on BBC One (down by 17%).

- Despite the year-on-year decline in investment in first-run originated content, hours of first-run programming increased in 2011 by 295 hours; from 31,872 in 2010 to 32,167 in 2011. All of this increase was driven by the commercial PSBs combined (ITV1/ITV Breakfast, Channel 4 and Channel 5) which increased first-run hours by 495 in 2011, while the BBC saw a decline of 200 hours on this measure.

- Viewing of television appears to have increased since 2006 (from 3.6 to 4.0 hours per day in 2011, as in 2010), according to BARB[1]. Viewing of the five main PSB channels declined between 2006 and 2009 (2.5 hours per day to 2.3 hours per day),

[1] It should be noted that a new BARB panel was introduced in 2010. Consequently data pre- and post-panel change (2010) are based on different panels and therefore are not strictly comparable; findings should be considered with caution.

but in 2011 moved back closer to 2006 levels at 2.4 hours, although this is lower than in 2010 (2.5 hours per day).

- The proportion of people watching BBC One in a typical week has increased over the past five years from 77% in 2006 to 79% in 2011. BBC Two has grown from 52% to 54%, whereas ITV1, Channel 4 and Channel 5 have each shown decreases (ITV1 from 69% to 67%, Channel 4 from 57% to 53% and Channel 5 from 42% to 40%).

- Each of the five main PSB channels has seen a decline in its share of television consumed. In 2006 their aggregated viewing share stood at 67% and decreased to 54% in 2011. At the same time their digital portfolio channels have each increased in share: in total they increased from 9% in 2006 to just under 20% in 2011. As a result the combined share of the five main PSBs and their digital portfolio channels stood at 73% in 2011, against 76% in 2006.

- Audiences continue to value PSB programming. Ofcom's PSB Tracker shows that audience ratings of the *importance* of the PSB purposes and characteristics remained high in 2011:

    - The statements which ranked the highest in terms of importance related to Purpose 1: 81% of UK adults rated highly the importance of *'its news programmes are trustworthy'* as did 76% for '*its regional news programmes provide a wide range of good quality news about my area'.*

    - *Well-made, high quality programmes'* was considered the most important characteristic, at 78%.

    - The statements which ranked the lowest in terms of importance were *'it shows high quality soaps or dramas made in the UK'* and *'its programmes show different kinds of cultures with the UK',* with 53% and 58% of UK adults respectively rating these as highly important.

- In 2011, opinions of the *delivery* of the PSB purposes and characteristics continued to vary:

    - The statements that ranked highest on delivery were related to Purpose 1: 62% of UK adults scored the delivery of *'its news programmes are trustworthy'* highly, as did 61% *for 'its programmes help me understand what's going on in the world'*.

    - '*Well-made, high quality programmes'* was the highest-ranking characteristic, at 59%. Over four in ten of all audiences thought the PSB channels delivered well for most other purposes and characteristics.

- Lower performance scores were given to both Purpose 3 and 4: 'Reflecting and strengthening our cultural identity' and 'Making us aware of different cultures/viewpoints'. The results showed that just over four in ten (43%) thought the PSB channels did well on *'portraying my region fairly to the rest of the UK'* and '*Its programmes show different kinds of cultures within the UK'*.

- Overall satisfaction with all the main PSB channels combined remains high, with four in five (80%) of those who ever watch any PSB channel claiming to be either quite, or very, satisfied

Ofcom's duties

Ofcom has a duty to assess the designated public service broadcasters, taken together, in terms of their delivery of the public service purposes as set out in the Communications Act. The designated public service broadcasters are the BBC[2], ITV1[3] , ITV Breakfast, Channel 4, Channel 5 and S4C[4].These purposes can be summarised as[5]:

- to deal with a wide range of subjects;
- to cater for the widest possible range of audiences – across different times of day and through different types of programme; and
- to maintain high standards of programme-making.

Based on the public service purposes presented in the Communications Act, in its first PSB Review[6] Ofcom developed a range of PSB purposes and characteristics to provide a detailed description of public service broadcasting (see Figure 1 below).

Figure 1 PSB purposes and characteristics

PSB purposes

Purpose 1: Informing our understanding of the world - To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas

Purpose 2: Stimulating knowledge and learning -To stimulate our interest in and knowledge of arts, science, history and other topics, through content that is accessible and can encourage informal learning

Purpose 3: Reflecting UK cultural identity - To reflect and strengthen our cultural identity through original programming at UK, national and regional level; on occasion, bringing audiences together for shared experiences

Purpose 4: Representing diversity and alternative viewpoints - To make us aware of different cultures and alternative viewpoints, through programmes that reflect the lives of other people and other communities, both within the UK and elsewhere

PSB characteristics

High quality - well-funded and well-produced

Original – new UK content rather than repeats or acquisitions

[2] The BBC PSB channels are BBC One, BBC Two, BBC Three, BBC Four, CBBC, CBeebies, BBC HD, BBC News and BBC Parliament and BBC One HD. Note: the focus in this annual report is upon generalist channels. BBC HD has been excluded from much of the analysis in the report as much of its output is simulcast from the core BBC channels and therefore would represent a disproportionate amount of broadcast hours and spend.
[3] The Channel 3 regional licensees are usually referred to in this report by the most commonly-used collective terms: ITV1, or simply ITV. However, these terms are not used within the devolved nations. Instead Channel 3 is referred to as STV in north and central Scotland, UTV in Northern Ireland and ITV1 Wales in Wales.
[4] The Welsh Authority has the statutory responsibility to provide S4C Digidol (digital) services for viewers in Wales.
[5] See section 264 of the Communications Act for the full wording and more detail on these.
[6] http://stakeholders.ofcom.org.uk/broadcasting/reviews-investigations/public-service-broadcasting

Innovative – breaking new ideas or re-inventing exciting approaches, rather than copying old ones

Challenging – making viewers think

Engaging – remaining accessible and attractive to viewers

Widely available – if content is publicly funded, a large majority of citizens need to be given the chance to watch it

Trust[7]

The first PSB Review also stated that, in delivering its duties, Ofcom should develop a new approach to assessing the effectiveness of the public service broadcasters, taken together, in delivering PSB. This assessment would include an audience tracking survey to evaluate audience opinions, as well as broadcaster spend, output and viewing data. The aim was to provide a common basis for understanding the delivery of PSB, and resulted in the publication of the PSB Annual Reports.

The PSB Annual Report sets out to provide an evidence base for assessing the delivery of PSB, building towards Ofcom's PSB Reviews, which must be conducted at least every five years[8]. While the key purpose of this report is to show how PSB is being achieved in the UK as a whole, it also looks at the contributions of the individual PSB channels. Separate data on PSB compliance has been published in conjunction with this report and is available on the Ofcom website[9].

The Digital Economy Act 2010 is also now in force and the majority of its sections applied from June 2010. In addition to the requirements outlined above, the Act extends Ofcom's PSB Review duties to include public service content online and on video-on-demand (VoD). It also introduced new powers for Ofcom to monitor and enforce the Channel 4 Television Corporation's (C4C) media content duties.

For the purpose of this report, delivery of PSB has been defined by assessing three areas: PSB broadcasters' spend and output; viewing; and audience opinion of PSB delivery.

[7] Although trust was not outlined as a PSB characteristic in Ofcom's PSB Review 2004, it is considered alongside the PSB characteristics throughout the report. It was added to the PSB tracker in 2007 to monitor the extent to which people trust the main PSB channels as the digital TV environment expands.

[8] The Department for Culture, Media and Sport has announced its intention to amend this duty so that a review would only be conducted at the discretion of the Secretary of State. The Secretary of State would also determine the scope of the review. The amendment would be made through the Public Bodies Bill, which is currently being considered by Parliament. For more details, see http://www.culture.gov.uk/news/media_releases/7485.aspx.

[9] http://stakeholders.ofcom.org.uk/market-data-research/statistics

PSB spend[10]

Figure 2 PSB spend: Descriptions

First-run originations - Programmes commissioned by or for a licensed public service channel with a view to their first showing on television in the United Kingdom in the reference year.

First-run acquisitions - A ready-made programme bought by a broadcaster from another rights holder and broadcast for the first time in the UK during the reference year.

Repeats - All programmes not meeting one of the two definitions above.

PSB spend overview

It should be noted that spend on first-run originated content is influenced by cyclical events such as general elections and major sporting events. Content spend figures are also adjusted for inflation which has been variable in recent years. Compared to the previous year, 2011 had far fewer events which affected spend and viewing patterns, particularly in terms of sporting events.

- Figure 3 below shows the main year on year trends in programming spend. A total of £2.8bn was spent by the UK-wide public service broadcasters in 2011 on all television content (originated or acquired, first-run or repeated). This comprised of largely equal contributions from the BBC on the one hand (£1.36bn) and the commercial PSBs (ITV1, Channel 4 and Channel 5) on the other (£1.49bn).

- Year on year, overall spend fell by 8% in real terms, which continued the historic trend between 2005 and 2009 of year-on-year annual reductions in expenditure on content, after the 2% rise seen in 2010. BBC spending fell by £157m (10%) while the commercial PSBs fell by £74m, or 5%.

- Over a five-year period, overall spending fell by 20%, or £0.7bn, from £3.5bn. Total expenditure on content in 2011 was lower than in 2000 (£3.2bn versus £2.8bn), with all the gains in spending during the early part of the decade having been offset by recent reductions.

- Year on year spend on first-run originated programmes also decreased in 2011; by 6%. In 2011, first-run spend still commanded a large proportion of all content spending among the commercial PSBs and the BBC, but decreased in 2011, continuing the trend of decline seen in 2010. In 2011, spend on first-run originations stood at £2.4bn, accounting for 86% of all spending. 2011 was a quiet year for sports, with first-run spend down by 23% compared to 2010; excluding sports from first-run spending, investment in network programming in 2011 fell by 0.3% year on year.

- By broadcaster type, the BBC spent £1.25bn on first-run originations during 2011, down by 11% year on year. This compares to £1.2bn spent by ITV1/ITV Breakfast, Channel 4 and Channel 5 (which remains stable, compared to 2010).Over a five-year period, spending on first-run originations fell by 18%. Spending by the commercial PSBs fell by 21% in real terms, compared to a decrease of 15% for the BBC.

[10] All spend figures in this report are given in 2011 prices. Figures are adjusted to allow for inflation and therefore figures may not match those quoted in previous reports. All spend and output data are based on programmes broadcast in each year reported in the PSB annual report.

PSB spend by channel

- The largest proportional increase in spending on all content was experienced by Channel 5 (up by 5% on 2010, or £8m). BBC One's spend contracted the furthest in 2011, down by 15%, or £138m, to £777m, followed by ITV/ITV Breakfast (down by 9% or £80m), as illustrated in Figure 3.

- Over the past five years all PSB channels saw double-digit reductions in spend, with BBC One (-22%), ITV/ITV Breakfast (-21%) and Channel 5 (-21%) falling proportionally the furthest. The actual spend reductions were the most substantial for BBC One (-£221m) and ITV1 (-£219m).

- Among first-run originations, the 6% annual decrease in originated output included substantial variation by channel. Expenditure rose proportionally furthest on Channel 5, up by 45% or £29m; and on Channel 4, up by 10% to £372m. The most pronounced reduction in first-run spend in 2011 was on BBC One, down by 16% to £719m.

- Over a five-year period, the reductions in first-run spend were most substantial on Channel 5 (down 27% to £95m) and ITV/ITV Breakfast (down 22% to £733m). Significant reductions in first-run content investment were also made by Channel 4 (down 18% to £372m) and BBC One (down 17% to £719m).

Figure 3 Content spend, overall and on first-run originations (2011 prices)

	Spend on all hours							Spend on first-run originated output							First run spend as a % of all spend		
	2006	2010	2011	Change (£m)		Change (%)		2006	2010	2011	Change (£m)		Change (%)		2006	2010	2011
				5 yr	1 yr	5 yr	1 yr				5 yr	1 yr	5 yr	1 yr			
BBC One	£999m	£915m	£777m	-£221m	-£138m	-22%	-15%	£862m	£859m	£719m	-£143m	-£140m	-17%	-16%	86%	94%	92%
BBC Two	£416m	£366m	£358m	-£59m	-£8m	-14%	-2%	£368m	£323m	£322m	-£46m	-£2m	-13%	-1%	88%	88%	90%
BBC Digital	£267m	£242m	£230m	-£37m	-£12m	-14%	-5%	£240m	£219m	£210m	-£31m	-£9m	-13%	-4%	90%	91%	91%
BBC Total	**£1682m**	**£1522m**	**£1365m**	**-£318m**	**-£157m**	**-19%**	**-10%**	**£1470m**	**£1401m**	**£1250m**	**-£220m**	**-£152m**	**-15%**	**-11%**	**87%**	**92%**	**92%**
ITV1/ITV Breakfast	£1030m	£891m	£811m	-£219m	-£80m	-21%	-9%	£935m	£799m	£733m	-£203m	-£67m	-22%	-8%	91%	90%	90%
Channel 4	£605m	£499m	£496m	-£109m	-£3m	-18%	-1%	£451m	£337m	£372m	-£79m	£35m	-18%	10%	74%	68%	75%
Channel 5	£227m	£170m	£178m	-£48m	£8m	-21%	5%	£130m	£65m	£95m	-£35m	£29m	-27%	45%	57%	38%	53%
Commercial Total	**£1862m**	**£1560m**	**£1485m**	**-£377m**	**-£74m**	**-20%**	**-5%**	**£1516m**	**£1201m**	**£1199m**	**-£317m**	**-£2m**	**-21%**	**0%**	**81%**	**77%**	**81%**
Grand Total	**£3544m**	**£3082m**	**£2850m**	**-£694m**	**-£232m**	**-20%**	**-8%**	**£2985m**	**£2602m**	**£2449m**	**-£537m**	**-£154m**	**-18%**	**-6%**	**84%**	**84%**	**86%**

Source: Ofcom/broadcasters. Note: figures are expressed in 2011 prices. BBC figures include BBC One, BBC Two, BBC digital (BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament). The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

- Figure 4 (below) shows spending by BBC and commercial PSBs on first-run originated output since 1998. During this period, growth in the early part of the decade was offset by reductions in the latter half, with the effect that spending in 2011 is lower than that in 2000, in real terms. The proportions of contribution of the BBC and the commercial PSBs within this total have also changed since 2000; £1.25bn from the former and £1.20bn from the latter in 2011, compared to £1.30bn from the BBC and £1.50bn from the commercial PSBs in 2000.

- These trends partly reflect the fact that the BBC's licence fee rose in real terms during the early part of the decade, while levelling off in later years. For the commercial PSBs, television advertising revenue underwent a structural decline early on in the period, recovering somewhat in 2010 and 2011.

Figure 4 PSB network spend on first-run originations (£bn, 2011 prices)

Source: Ofcom/broadcasters. Note: figures are expressed in 2011 prices. BBC figures include BBC1, BBC2, BBC3, BBC4, CBBC, CBeebies, BBC News, BBC Parliament. The analysis does not include S4C, BBC ALBA or BBC HD. Figures exclude nations/regions programming.

- Figure 5[11] provides an estimate of the ratio between spend on broadcast *first-run originated* television programming[12] and revenue (for commercial PSBs) and Ofcom's estimate of the licence fee allocated to television services in the case of the BBC.

- The analysis indicates that the commercial PSB channels increased spend on first-run originations as a proportion of revenue from 36% in 1998 to 54% in 2011. The BBC's ratio fell from 62% in 1998 to 56% in 2011. As stated in previous PSB annual reports there are a variety of factors, which may have influenced this trend, including:

    - rising expenditure on non-content costs (such as those connected with infrastructure investment and distribution over new digital platforms).

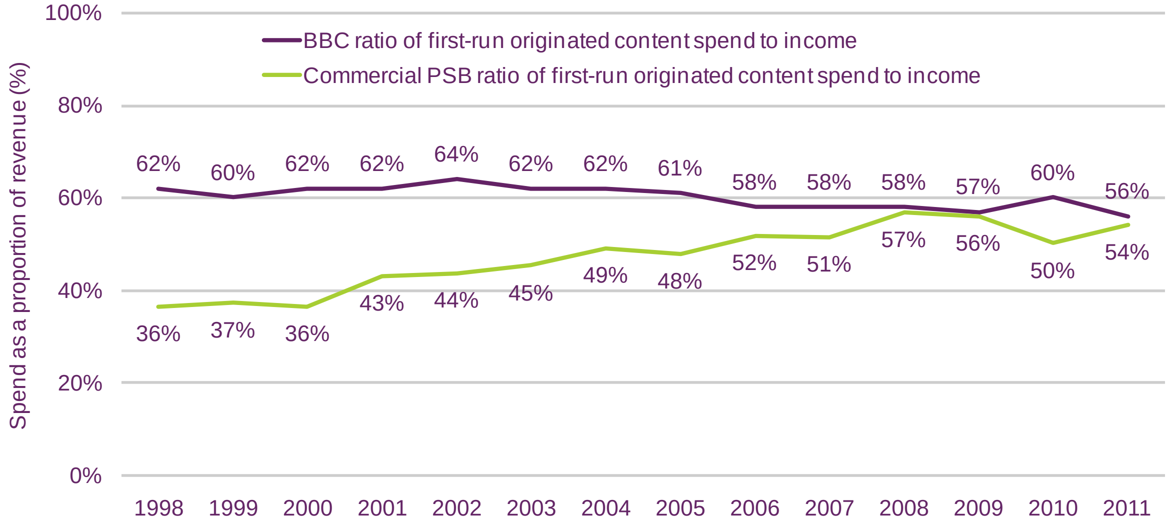
    - spend on first-run originated content is influenced by cyclical events such as general elections and major sporting events.

    - cyclical influences over commercial PSB revenue, which will have the tendency to drive down the ratio during periods of economic growth, and push it up during recession (all other things being equal);

[11] This analysis provides an indication of the ratio between first-run originations investment and revenue, drawing on broadcaster data, public domain data, and Ofcom estimates.
[12] Spend is all day, all genres. It includes all spending on *first-run originated* networked output by the BBC, ITV1, Channel 4 and Channel 5. It also includes BBC, STV, ITV1 and UTV spending on programmes for viewers in the nations and regions and the BBC's spend on programmes for S4C and BBC ALBA. *It excludes spend on acquisitions and repeats*.

- o production efficiencies that have the potential to deliver programmes of comparable quality, genre or length at a reduced cost. A range of new production techniques have been adopted to reduce the cost of programme production (e.g. using the same set for the production of a programme format for several different countries);
- o additional funding for new programmes from producers (not commissioners) to ensure that commissioned output is fully funded; this can include up-front loans secured against 'back-end' revenue streams such as DVD sales and programme exports;
- o changes to programme mix, scheduling and commissioning strategies.
- o one off costs such as restructuring

Figure 5 PSB first-run originated television programming: ratio of spend to income



Source: Ofcom estimates based on data drawn from broadcasters and the BBC's Annual Reports and Accounts. Spend is all day, all genres. It includes all networked output from the BBC, ITV1, Channel 4 and Channel 5. It also includes BBC, stv, ITV1 and UTV spending on programmes for viewers in the nations and regions and the BBC's spend on programmes for S4C and BBC ALBA. BBC TV income is an Ofcom estimate informed by data from Note 2c in the BBC's Annual Report and Accounts. Ofcom's estimate of total licence fee revenue that is spent on TV-related services includes content, distribution, and infrastructure spending, and pro-rata, a share of remaining overheads, but excludes spend on Digital Switchover Help Scheme and Digital UK.

Spend by programme genre

- Figure 6 shows that among first-run originated hours, Sport was the genre that experienced the greatest fall in year-on-year spending (down by 23% to £480m), although this was driven by the lower number of major sporting events in 2011 compared to 2010, when the FIFA Football World Cup and Winter Olympics were broadcast. The greatest spending increase on first-run originations was for Feature Films which rose by 20%, or £5m, over the same period. There were also year-on-year increases in Entertainment and Comedy (6% or £28m) and Factual (2% or £9m).

- Arts/Classical Music first-run spending fell furthest between 2010 and 2011 – down by 15% year on year to £41m; and spending on education was also down by 12%, although this genre accounts for only £18m of the annual budget for PSBs in 2011.

- Over a five-year period, among the biggest genres (Drama/ Soaps and Factual), spending on first-run output fell by 30% and 16% respectively to £538m and £448m. Spending among the smaller genres of Arts/Classical Music, Religion/Ethics and Education fell by 41%, 35% and 33% respectively to £41m, £14m and £18m. There has been a significant increase in spending on first-run Film (196%), to £28m.

- Sport played a role in the reduced spending on first-run originations during 2011 due to the larger number of sporting events in the previous year. Excluding Sport, spending on first-runs fell year on year by 0.3%.

- Across all hours of output (originated or acquired, first-run or repeated), spending rose the furthest year on year in Entertainment/Comedy (an increase of 7% or £37m) and Factual (up by 2% or £10m). Year-on-year spending in all other categories reduced in 2011.

- The largest proportional reductions in spend on all hours (excluding Sport) were in Arts/Classical Music (-12%), Drama/Soaps (-11%) and Education (-11%). The largest absolute reduction was seen in broadcast hours of Drama/Soaps, where expenditure fell by £78m.

- The only genre where spending increased over a five-year period was Feature Films, where spending rose by 41% since 2006 to £228m. The greatest reductions in spending across the same period were in Arts/Classical music (-39%), Education (-38%), Religion/Ethics (-35%) and Drama/Soaps (-32%).

Figure 6 PSB overall content and first run originated spend, by genre (2011 prices)

	Spend on all hours of output							Spend on hours of first-run originated output							First run spend as a % of all spend		
	2006	2010	2011	Change (£m)		Change (%)		2006	2010	2011	Change (£m)		Change (%)		2006	2010	2011
				5yr	1 yr	5yr	1 yr				5yr	1 yr	5yr	1 yr			
News & Current Affairs	£362m	£323m	£307m	-£56m	-£16m	-15%	-5%	£361m	£322m	£306m	-£55m	-£16m	-15%	-5%	100%	100%	100%
Arts & Classical Music	£72m	£50m	£44m	-£28m	-£6m	-39%	-12%	£70m	£48m	£41m	-£29m	-£7m	-41%	-15%	97%	96%	93%
Religion & Ethics	£22m	£14m	£14m	-£8m	£0m	-35%	-1%	£21m	£14m	£14m	-£7m	£0m	-35%	0%	98%	98%	99%
Education	£29m	£20m	£18m	-£11m	-£2m	-38%	-11%	£27m	£20m	£18m	-£9m	-£2m	-33%	-12%	92%	99%	99%
Factual	£559m	£452m	£462m	-£97m	£10m	-17%	2%	£536m	£440m	£448m	-£87m	£9m	-16%	2%	96%	97%	97%
Drama & Soaps	£943m	£721m	£642m	-£300m	-£78m	-32%	-11%	£771m	£558m	£538m	-£233m	-£20m	-30%	-4%	82%	77%	84%
Ent. & Comedy	£626m	£514m	£551m	-£75m	£37m	-12%	7%	£501m	£458m	£487m	-£14m	£28m	-3%	6%	80%	89%	88%
Feature Films	£162m	£251m	£228m	£66m	-£24m	41%	-9%	£9m	£23m	£28m	£18m	£5m	196%	20%	6%	9%	12%
Sports	£636m	£627m	£481m	-£156m	-£147m	-24%	-23%	£582m	£627m	£480m	-£102m	-£147m	-18%	-23%	91	100	100
Childrens	£132m	£108m	£102m	-£29m	-£5m	-22%	-5%	£107m	£91m	£88m	-£19m	-£3m	-17%	-3%	81	85	86
Total	**£3544m**	**£3082m**	**£2850m**	**-£694m**	**-£232m**	**-20%**	**-8%**	**£2985m**	**£2602m**	**£2449m**	**-£537m**	**-£154m**	**-18%**	**-6%**	**84%**	**84%**	**86%**

Source: Ofcom/broadcasters. Note: figures are expressed in 2011 prices. BBC figures include BBC One, BBC Two, BBC digital (BBC Three, BBC Four, CBBC, CBeebies, BBC News, BBC Parliament). The analysis does not include S4C, BBC Alba or BBC HD. Figures exclude nations/regions programming.

PSB viewing

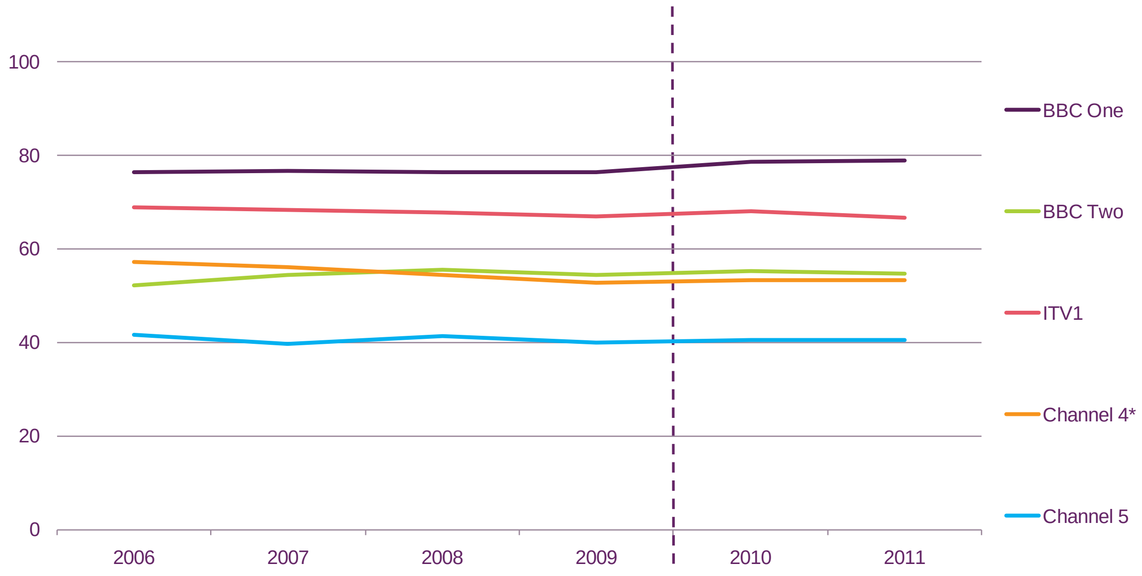
Viewing of channels

- It should be noted that a new BARB panel was introduced in 2010. Consequently data pre- and post-panel change (2010) are based on different panels and therefore are not strictly comparable; findings should be considered with caution.

- While the average hours of total daily TV viewing increased from 3.6 hours in 2006 to 4.0 hours in 2011, this is the same level as seen in 2010. Viewing of the five main PSB channels declined from 2.5 hours per day in 2006 to 2.4 hours in 2011.

- Figure 7 shows that the proportion of people watching BBC One in a typical week[13] has increased over the past five years, from 77% in 2006 to 79% in 2011. BBC Two has grown from 52% to 55%, whereas ITV1, Channel 4 and Channel 5 have each shown declines (ITV1 from 69% to 67%, Channel 4 from 57% to 53% and Channel 5 from 42% to 40%).

Figure 7 Average weekly reach of the main PSB channels, all homes: 2006-2011



Source: BARB. All Individuals, Network.
Reach criteria = 15 consecutive minutes of viewing at least once in the average week. Full weeks used.
C4 2006-09 includes S4C; from 2010 it is excluded as S4C became a separate channel following DSO in Wales. S4C weekly reach 2011 = 0.6%. New BARB panel introduced 1st Jan 2010. As a result pre and post panel change data must be treated with caution (see dotted line).

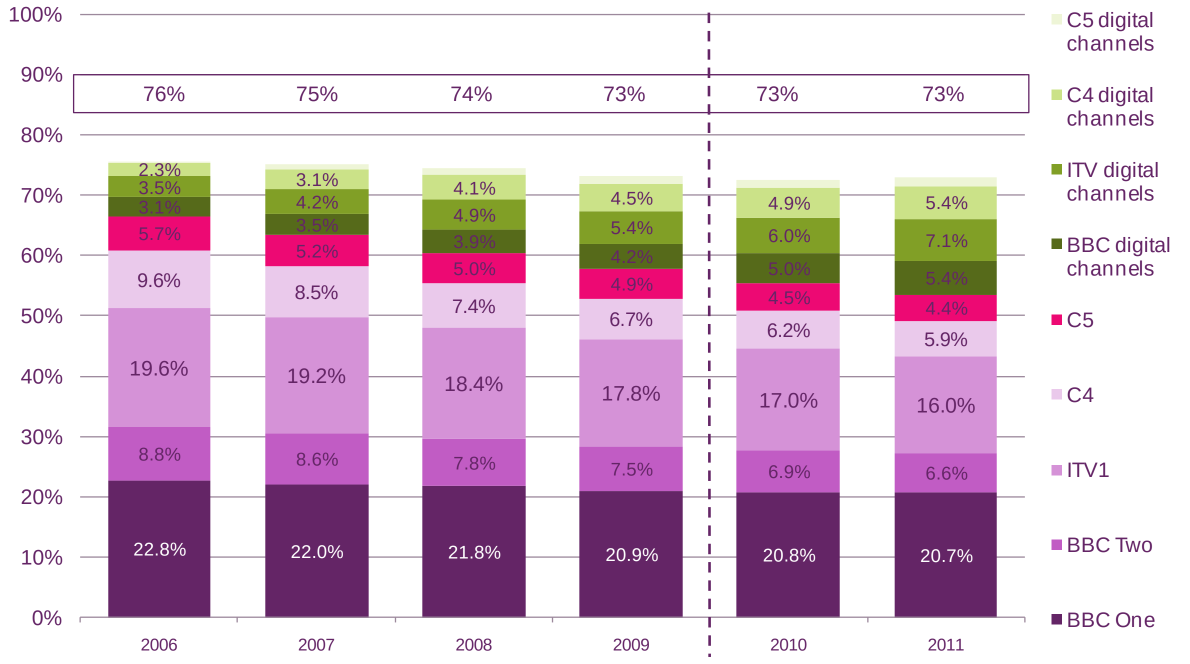
- In multichannel homes, the aggregated reach of the PSB's digital portfolio channels have increased from 60% in 2006 to 77% in 2011. This is also an increase on the 74% seen in 2010.

- Figure 8 shows the five main PSB channels have each seen a decline in the share of television consumed. In 2006 their aggregated viewing share stood at 67%; this has declined (to 54%) in 2011. During the same period their digital portfolio channels have increased in share, from 9% in 2006 to 19% in 2011.

[13] Reach is defined as those viewing 15 consecutive minutes at least once in the average week

- Overall, in 2011 the PSBs and their digital channels combined took a 73% share of viewing. The PSBs' and their portfolios' overall share has remained unchanged since 2009, although this has fallen slightly since 2006 (76%).

Figure 8 Channel shares for the PSB channels and their portfolio digital channels: 2006 – 2011



Source: BARB, All Individuals, Network.
C4 data 2006-09 includes S4C; from 2010 it is excluded as S4C became a separate channel following DSO in Wales. S4C 2011 share = 0.1%. New BARB panel introduced 1st Jan 2010. As a result pre and post panel change data must be viewed with caution (see dotted line).

- In 2011, 15% of all viewing of the five main PSB channels among all individuals with DVRs (47% of the population) was time-shifted[14]; viewing through digital video recorders (DVRs) has remained stable over the past five years. This was similar to the average proportion of viewing that was time-shifted across all TV in 2011 (15%).

- The following section looks at viewing, output and spend by genre. Figure 9 below shows a summary of viewing of the five main PSB channels by genre between 2006 and 2011.

[14] Time-shifted viewing is defined in BARB analysis as viewing of programmes recorded and subsequently played back within seven days, as well as viewing after pausing or rewinding live TV. Viewing outside the seven-day window is not measured.

Figure 9 Summary of viewing of the five main PSB channels, by genre: 2006 vs. 2011

	Total hours (rounded) viewed per year per individual (4+) to the main five PSB channels	
Genre	**2006**	**2011**
Other Factual	126	141
National News	91	86
UK Drama	80	65
UK Soaps	74	59
Sport	81	56
Current Affairs	33	53
Specialist Factual	29	30
Nations/regions news	28	27
UK Sitcom	10	8
Religious	3	2
Arts & Classical Music	5	2
Education	2	0 (0.1)

Source: BARB, All Individuals, Network. Main five PSB channels (BBC One, BBC Two, ITV1, Channel 4, Channel 5). See *Definitions: PSB genre analysis.* New BARB panel introduced 1st Jan 2010. As a result pre and post panel change data must be treated with caution.

Analysis of key PSB genres[15]

News and Current Affairs

Spend and output

- In 2011, spending on News and Current Affairs among PSB channels, excluding BBC News and BBC Parliament fell by 4% to £263m, which may have been driven in part by the fact that a general election was held in 2010. However, hours increased modestly (by 1.1%) with increases in output from Channel 5, BBC Three and BBC One (of 70 hours, 48 hours and 41 hours respectively) offset by reductions on ITV/ITV Breakfast (-40 hours) and BBC Two (-36 hours).

- In peak time (18:00 to 22:30) hours and spend both declined during 2011 – by 3% and 9%, to 1,361 hours and £128m respectively.

- Over a five-year time period, hours in peak time were 5% higher (1361 against 1302) having dipped in the intervening period as low as 1,299 hours in 2007. Spend over the same period fell in real terms by 7%. Across the day, spending was down by 15% in real terms, while hours rose by 4%.

Viewing

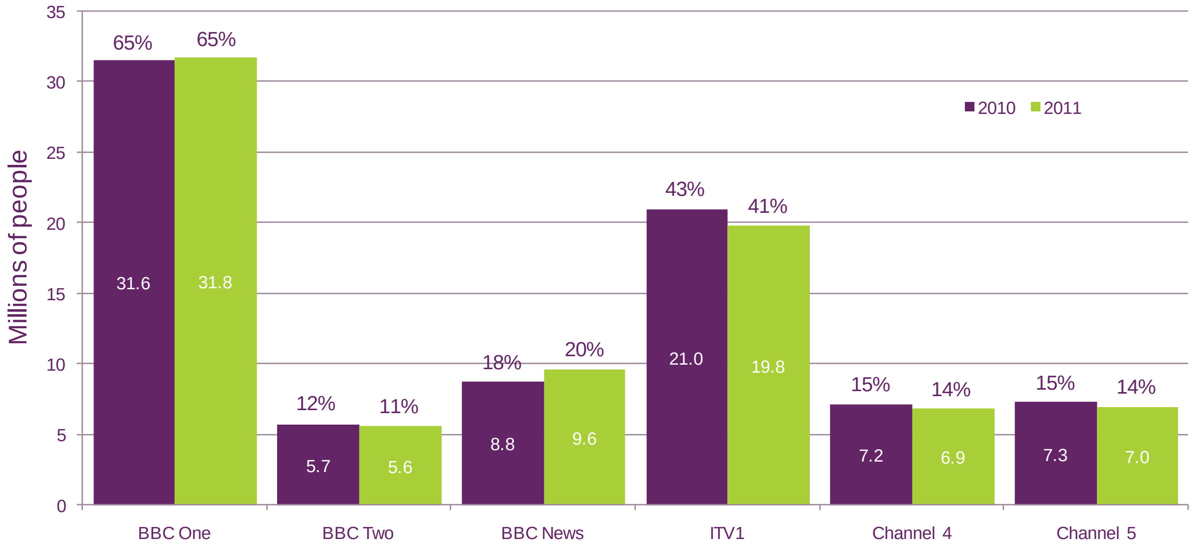
- Between 2006 and 2011, viewing of News on the five main PSB channels declined from 91 hours per individual (aged 4+) per year in 2006 to 86 hours in 2011.

- The bulk of this decline was in ITV1 viewing, where News viewing dropped by 11 hours to a total of 15 hours in 2011. BBC Two, Channel 4 and Channel 5 each experienced a decline of between one and two hours in viewing, whereas viewing on BBC One increased from 53 hours in 2006 to 63 hours in 2011.

- Figure 10 shows the average weekly reach of national and international News by channel. BBC One has the highest reach in an average week at just over 65% (32m people)[16], unchanged compared to 2010. ITV has the second highest reach with 41% (20m people), although this represents a reduction since 2010 (43% or 21m people). Among the other channels only BBC News increased its weekly reach in 2011, rising from 18% (9m) to 20% (10m).

[15] The BARB viewing figures use different datasets to spend and output figures which have slightly different programme classifications.
[16] Average weekly reach is based on 3+ minutes of consecutive viewing.

Figure 10 Average weekly reach of National and International News, by channel



Source: BARB, All Adults 16+, National/International News genre. Reach criteria = 3 consecutive minutes.
Note:S4C and ITV News channel excluded from this analysis. ITV = ITV1, ITV1+1, ITV1 HD, ITV2, ITV2+1, ITV3, ITV3+1, ITV4, ITV4+1. C4= C4, C4+1, E4, E4+1, More 4, More 4+1, Channel 5= Ch5, 5*, 5*+1, 5 USA, 5 USA+1. 2010-2011 data based on Network.

Nations and regions

Spend and output

- Spend on nations and regions output by the BBC and Channel 3 combined decreased by £114m or 30%, from £381m in 2006 to £267m in 2011. Investment by the Channel 3 broadcasters declined by 47% over this period to £83m (spend was also down by 1% year on year). Spend on BBC nations' and regions' output also fell by £40m or 18% between 2006 and 2011, to £184m (spending was also down by 4% year on year).

- Spending on output for viewers in England stood at £162m in 2011 (down by 32% over a five year period); in Scotland the comparable figure was £53m (down by 24%) while in Wales it was £27m (also down by 24%). In Northern Ireland spend totalled £25m, down by 36% over the same period.

- Between 2006 and 2011, total hours of nations and regions output was down by 177 hours (or 1%) from 11,825 hours to 11,648.

- Hours broadcast for viewers in England stood at 6,763 in 2011, down by 14% since 2006. In Scotland they totalled 2,938 (up by 86% due to the higher volume of non-networked content broadcast by STV). Hours in Wales stood at 1,016 (a reduction of just over a fifth (22%) over the same period), and 931 in Northern Ireland (17% fewer hours than in 2006).

Viewing

- Between 2006 and 2011, the total time spent watching nations/regions news across the year, per individual, remained fairly stable – although at the channel level, viewing of BBC One increased (from 16 to 18 hours in total) as viewing of Channel 3 decreased (from 11 to 9 hours).

- Looking at the share of viewing of Channel 3 and BBC One evening nations/regions news programmes in 2011, compared to 2006, shows that across the whole of the UK, the average share of the main weekday evening nation's/regions' news fell by 2% to 18%, while BBC remained unchanged in the same period (28%).

- In the devolved nations, Channel 3 share fell in Northern Ireland by 3% to 34%, but increased in Wales and Scotland by 2%; to 17% and 25% respectively. BBC One's share fell in Northern Ireland by 1% to 26%, in Wales it was down by 7% to 29% while in Scotland it increased by 1% (30%).

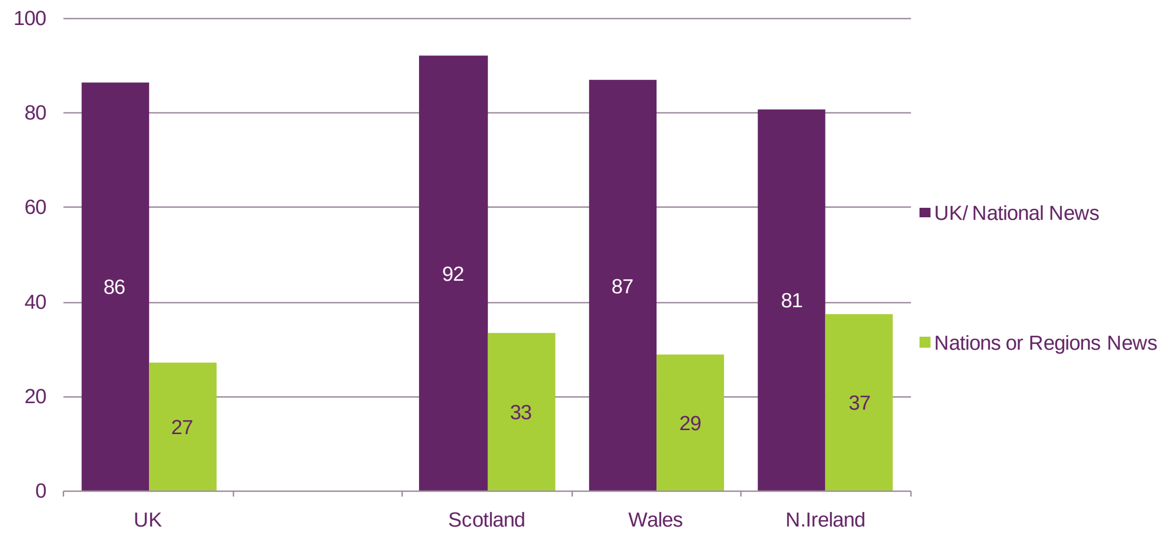
- Figure 11 shows the total number of hours of viewing national and nations' news on BBC/Channel 3. Overall viewers in Scotland spent more time watching UK/national news programming (92 hours) compared to the UK average of 86 hours.

- Viewing of nations'/regions' news in Wales (29 hours) was the lowest of the devolved nations, but more than the UK average (27 hours). The average individual watched 86 hours of national news programming.

- Viewers in Northern Ireland spent the least amount of time watching UK/national news (81 hours), although these viewers spent the most time watching nations'/regions' news (37 hours) compared to the other devolved nations and the UK average.

- Viewing of UK/national news programming was highest in the Border region (41 hours) and lowest in London (19 hours).

Figure 11 Total hours of viewing of national news and BBC/Channel 3 nations' news, by nation: 2011



Source: BARB, All Individuals. Main five PSB channels (BBC One, BBC Two, ITV1, Channel 4, Channel 5). Based on total minutes of viewing of 'News: National/International' and 'News: Regional News'. See *Definitions: PSB genres analysis.*

Factual programming

Spend and output

- Overall hours of Factual programming were increased year on year – up by 524 hours to 13,609 hours. The majority of channels had significant increases in the volume of factual programming compared to 2010: BBC One (+166 hours), BBC Two (+155 hours), BBC Three (+143 hours), Channel 5 (+110 hours) and BBC Four (+100 hours). Both ITV1/ITV Breakfast and Channel 4 were the exception to this, recording lower hours of factual programming (-104 and -46 hours respectively).

- Spending on Factual output across the day rose by 2% in real terms between 2010 and 2011, to £462m. As in 2010, this small increase in spend, together with the higher number of programming hours, points to a reduction in the cost per hour of factual output across the PSB channels.

- Since 2006, the number of hours of Factual output has risen substantially, up by 29%, or 3,039 hours, over the period. Conversely, spending has gone down by 17% (£97m) over the same period.

- By sub-genre, the rise has been driven chiefly by content, outside the Specialist Factual genre. Over a five-year period, Specialist Factual hours were up by 10% while those of Other Factual and Factual Entertainment rose by 65% and 17% respectively. During 2011, hours of Specialist Factual output and Other Factual (including leisure, general factual and magazine programmes) rose to their highest level since 2006 (4,689 and 5,243 respectively). Looking at Factual programming year on year, there is a mixed picture; Specialist Factual and Other Factual have both increased by 8% since 2010 while Factual Entertainment has fallen by 5% in the same period.

- Trends in hours year on year were reflected in patterns of spending at the sub-genre level in Factual output. Spend on Specialist Factual increased by 14% year on year to £186m; Other Factual also rose by 7% (to £161m) and investment in Factual Entertainment programming declined by 17% (to £115m).

- Looking at peak-time hours, BBC Two continued to be the largest provider of Specialist Factual programming at 286 hours; a rise of 4% year on year. Channel 4 continued to be the second-largest provider, broadcasting 241 hours of Specialist Factual in peak time, a rise of 43% over a 12-month period.

- Since 2006, the overall provision of peak-time Specialist Factual output hours has increased by 83 hours or 9% to 1,060. This has been driven by the increase in hours on Channel 4, BBC Two, ITV1/ ITV Breakfast and comes despite the reduction in hours of programming by Channel 5.

Viewing

- Compared with 2006, viewing of Other Factual and Specialist Factual on the five main PSBs increased in 2011 – in line with the increase in spend identified above.

- Specialist Factual viewing increased to 30 hours in 2011 (an increase of one hour compared to 2006). As in 2006, BBC One (12 hours) and BBC Two (10 hours) were the dominant contributors.

- Other Factual viewing has increased by 17 hours since 2006 and now stands at 141 hours in 2011 on the five main PSB channels. BBC One was the most viewed, accounting for 42 hours, an increase of 13 hours compared to 2006. BBC Two is now the second most-watched channel in this genre (increasing by 4 hours since 2006), while Channel 4 hours viewed have gone down by six, to 29 hours in 2011.

- Across the BBC digital channels there have been increases in both Specialist and Other Factual programming since 2006. Specialist Factual viewing increased by 4 hours to 6 hours in total, with Other Factual viewing increasing to 4 hours (up from 2 hours in 2006).

Children's programming

Spend and output

- Hours of Children's television programming broadcast in 2011 on the PSB channels remained stable on the year, down from 12,665 hours in 2010 to 12,547 in 2011. CBeebies and CBBC continue to be the main providers of children's television content, accounting for 65% of the total in 2011 (unchanged from 2010). While hours remained stable, overall spend fell by £6m, or 6%, to £102m in 2011. Spend on first-run originations fell by 3% year on year to £88m in 2011.

- Since 2006, hours of Children's television output have risen by 2%, while spend has reduced by 23% or £30m in real terms over the same period. Output on first-run originated Children's programming has declined by 51% since 2006, while spend has fallen by 18% over the same period to £88m in 2011.

Viewing

- In 2011, the average amount of television watched by a child (aged 4-15 years) was 2.5 hours per day. This represents an increase on 2.2 hours per day in 2006.

- However, the proportion of total viewing of Children's TV on the five main PSB channels has declined steadily between 2006 and 2011 (from 46% to 33%). Over the same period, there has been a gradual increase in the proportion of viewing of the BBC digital channels (CBBC and CBeebies); from 7% to 13%, while viewing of other multichannels has increased from 47% to 54%, now attracting the majority of total viewing by children.

- Viewing of Children's programming by children in multichannel homes shows a similar pattern to total viewing. The proportion of viewing of Children's programming represented by the five main PSBs has fallen significantly, from 20% in 2006 to 7% in 2011. There has been an increase in viewing of children's programming on the BBC digital channels, from 23% in 2006 to 34% in 2011, which has to a large extent offset the decrease on the five main PSBs' channels.

Audience opinion of PSB delivery

Contextual factors

A wide variety of factors can contribute to audiences' overall perceptions of PSB. There have been a number of large-scale changes which have affected PSB over the past five years, particularly in terms of media technology and consumption.

Many people now have access to new television channels and interactive technologies, via their television set and online, that provide more choice and control. Data from Ofcom's *Technology Tracker* (fieldwork 4 Jan - 27 Feb 2012) indicate that:

- The vast majority of UK households (95%) now have digital TV and therefore have access to a wide variety of channels.
- Four in ten (42%) of households claim to have a high-definition TV service.
- Just over a third of households (37%) with the internet at home claim to watch online catch-up TV.
- Around half (47%) of all households claim to own a digital video recorder.

Attitudes towards importance and delivery of PSB

In 2011 Ofcom revised the methodology for its PSB consumer tracking research. These changes were designed to increase efficiency while delivering the same objectives. The changes included a reduction in the number of respondents interviewed, a move from quarterly to continuous interviewing throughout the year, an increase in the number of quotas, changes to question wording and a 'purer' way of measuring self-defined regular viewers[17].

Respondents were asked on a scale of 1-10 the *importance* of the individual PSB purposes and characteristics[18]. They were then asked how they feel the PSBs *deliver* these elements. This question was asked for the PSB channels they regularly view and about all the PSB channels as a whole.

- Figure 12 shows the proportion of UK adults who score each statement 7/8/9/10 out of 10 (described below as 'high') on importance and on delivery, for all the PSB channels as a whole.
- The highest level of importance relates to Purpose 1, specifically: '*Its news programmes are trustworthy*' (81%), '*Its programmes help me understand what's going on in the world today*' (78%), and '*Its regional news programmes provide a wide range of good quality news about my area*' (76%). The lowest level of importance related to '*It shows high quality soaps or dramas made in the UK*' where just over half of those interviewed saw this purpose as important (53%) for PSBs.
- The characteristics that were seen as the most important to the interviewees were: '*It shows well-made, high quality programmes*' (78%) and '*It shows programmes I want to watch*' (76%). '*It shows programmes with new ideas and different approaches*' had

[17] For details of changes made to 2011 PSB tracker methodology please see Annex D Background and Methodology

[18] The PSB purposes and characteristics are outlined in detail on page 4 of this report.

the lowest level of importance among the characteristics, although just under two in three (65%) did think this characteristic was important.

- Over six in ten of UK adults (62%) rated highly the delivery of *'Its news programmes are trustworthy'* as did 61% for *'Its programmes help me understand what's going on in the world'*. '*Its regional news programmes provide a wide range of good quality news about my area*' also scored relatively well on delivery, with 58% stating that PSB delivered highly against this measure. The lowest level of perceived delivery among the purposes of PSB relate to *'portraying my region fairly to the rest of the UK'* and '*Its programmes show different kinds of cultures within the UK',* at 43%.

- *'High quality'* (rated highly by 59%) was seen as the characteristic most likely to be delivered well by the PSBs. This was followed by just over half stating that PSBs delivered well on the statement "*It shows programmes I want to watch*" (52%). The lowest levels of perceived delivery among the characteristics were *'It shows programmes with new ideas and different approaches'* (44%) and "*It shows programmes that make me stop and think"* (43%).

- The largest gaps between the scores for importance and delivery of purposes and characteristics relate to the most 'challenging' and 'engaging' elements: *"It shows programmes that make me stop and think"* (importance 67% vs. delivery 43%) and *"It shows programmes I want to watch"* (76% vs. 52%). The purpose relating to nations and regions: *'It portrays my region fairly to the rest of the UK'* (63% importance vs. 43% delivery) also had a notable difference between perceived importance and delivery.

Figure 12 Audience rating of importance and delivery of PSB purposes and characteristics

Purposes	Importance	Delivery
Its news programmes are trustworthy	81%	62%
Its programmes help me understand what's going on in the world today	78%	61%
Its regional news programmes provide a wide range of good quality news about my area	76%	58%
It shows interesting programmes about history, sciences or the arts	65%	46%
It portrays my region/Scotland/Northern Ireland/Wales fairly to the rest of the UK	63%	43%
Its programmes show different kinds of cultures within the UK	58%	43%
It shows high quality soaps or dramas made in the UK	53%	46%
Characteristics		
It shows well-made, high quality programmes	78%	59%
It shows programmes I want to watch	76%	52%
it shows programmes that make me stop and think	67%	43%
It shows new programmes, made in the UK	67%	47%
It shows programmes with new ideas and different approaches	65%	44%

Source: Ofcom PSB 2011 Tracker Survey. Percentage of respondents giving 7, 8, 9 or 10 rating out of 10. Base: Regular or occasional viewers of any PSB channel.

The results from the 2011 PSB consumer tracking research, taken as a whole, indicate over time that attitudes towards both importance and delivery of the PSB purposes and characteristics remain broadly unchanged to those of previous years[19].

Nations and regions

- Views in the devolved nations on the provision of nations'/regions' news varied by channel and nation, with viewers in Northern Ireland the most likely to state that '*Its regional news programmes provide a wide range of good quality new about my area"* (72%) compared to the rest of the UK (58%):
    - BBC One: The most positive views of the regional news were in Northern Ireland (73%) and Wales (70%), with viewers in Scotland the least likely to express a positive view (56%).
    - ITV1: The most positive views were in Northern Ireland (73%) Scotland (71%), and in Wales (68%). Those interviewed in England were less likely to express a positive view of regional news on ITV1 (58%).

Children's programming

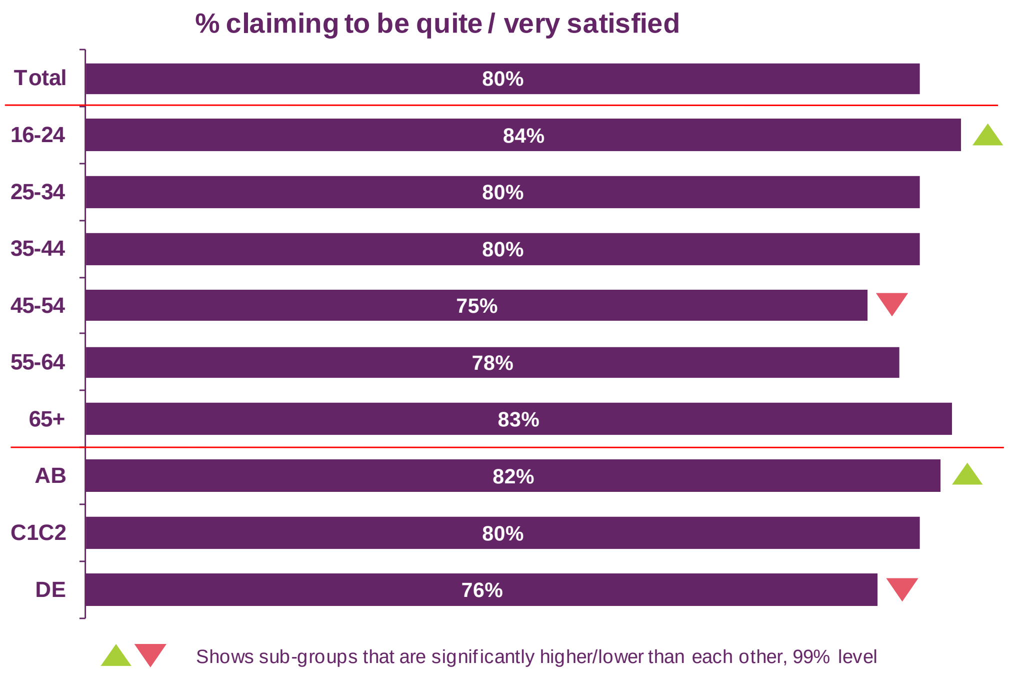
- The majority of parents/carers of children under the age of 15 rated the provision of PSB children's programming as important (81%). This compares to three in five (60%) of parents/carers stating the PSB channels deliver on '*providing a wide range of high quality, UK-made programmes for children*'.

Overall satisfaction with PSB

- Overall satisfaction with all the main PSB channels combined is high, with four in five (80%) of those who ever watch any PSB channel claiming to be quite or very satisfied, this is in line with results seen in previous years.
- Among the age groups (Figure 13), satisfaction with PSB broadcasting in 2011 was highest among 16-24 year olds (84%) and those aged 65+ (83%) than the UK average (80%). The lowest level of satisfaction was among respondents aged 45-54 (75%). In terms of socio-economic group, respondents in the DE group were less likely than average to be satisfied (76% vs. 80%), while more in the AB group claimed to be satisfied (82%).

[19] Due to changes in methodology in the 2011 PSB Tracker a direct comparison over time is not possible, please see Annex D Background and Methodology for more details.

Figure 13 Overall Satisfaction with PSB by age and Socio-economic group



Source: Ofcom PSB 2011 Tracker Survey. Base: All who ever watch any PSB channels (3079). Male (1488); Female (1591); 16-24 (462); 25-34 (483); 35-44 (591); 45-54 (513); 55-64 (418); 65+ (612); AB (712); C1C2(1512); DE (855)

Importance of PSB websites

- Just over three in five (62%) of those interviewed thought it important that the BBC '*provides a website with high quality content that you can trust', with* four in ten (45%) stating it is important that Channel 4 also provides this content. Nine in ten (90%) and just under four in five (78%) respectively said they were satisfied with the BBC and Channel 4 websites.

Other areas of public service content

S4C

- Total hours of Welsh language programmes on S4C Digidol increased by 20% over a four-year period to 6,410 hours in 2011, up by 3% year on year.

- First-run hours commissioned by S4C (not including BBC statutory output) rose by 34% to reach 1,843 hours in 2011. The BBC supplied a further 640 hours as part of its statutory commitment to the channel.

- The PSB Tracker showed that the strongest PSB associations with the channel, among regular viewers of S4C Welsh language programming in 2011, were related to Purpose 1 (news) and Purpose 4 (e.g. '*Representing diversity and alternative viewpoints')*.

- Around three in five regular viewers of S4C said they thought it provided high quality programmes (63%) and showed '*programmes they want to watch'* (59%).

Further information

- Further information is provided in the following appendices:

  a) PSB output and spend

  b) PSB viewing

  c) PSB audience impact

  d) Background and methodology